Sumitomo Metals FY 2008 Performance (ended March 31, 2009)

April 28, 2009



Forward-looking Statement

This presentation contains certain forward-looking statements. The Company has tried, whenever possible, to identify these forward-looking statements using words such as "anticipated," "believes," "estimates," "forecasts," "expects," "plans," "intends," "targets," and similar expressions. Similarly, statements herein that describe the Company's business strategy, outlook, objectives, plans, intentions or goals are also forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which could cause the Company's actual results, performance or achievements to differ from those expressed in, or implied by, such statements. These risks and uncertainties may include, but are not limited to: the Company's ability to successfully implement its strategies to restructure the steel business and reinforce its financial structure; the effects of and changes in Japanese and worldwide general economic conditions and in the steel industry in particular, including the severity of any economic slowdown, technological and other changes affecting the manufacture of and demand for the Sumitomo Metals Group's products, changes in Japan's and other countries' laws and regulations, including with regard to taxation, and other risks and uncertainties set forth in subsequent press releases and in the Sumitomo Metals Group's public filings. These statements reflect the Company's current beliefs and are based upon information currently available to it. Be advised that developments subsequent to this presentation are likely to cause these statements to become outdated with the passage of time. The Company disclaims any intent or obligation to update these forward-looking statements.

All output figures in this presentation are metric tons.

All output figures of "crude steel", "steel sales volume", "average price of steel product" are include Sumitomo Metals (Kokura), Sumitomo Metals (Naoetsu) and Sumikin Iron & Steel Corporation.



FY2008 Results

LIZUUO KESUUS

Consolidated Results Highlights for FY08

Ordinary income (JPY billion)

Net income (JPY billion)

	FY07	FY08	YoY				
Sumitomo Metals cut back its	s steel production as	s steel demand decl	ined since FY08/4Q.				
Crude steel production (million tons)	13.62	12.87	-5.5%				
Steel sales volume (million tons)	12.49	11.44	-8.3%				
Demand for our distinctive products such as seamless pipe used in energy sector remained stable.							
Seamless pipe sales volume (million tons)	1.11	1.15	3.6%				
Sales improvement and cost	reduction offset co	st push of raw mate	erials .				
Ave. price of steel product (000JPY/ton)	105.7	124.3	17.6%				
Sales (JPY billion)	1,744.5	1,844.4	5.7%				
Operating income decreased mainly due to reduction in sales to automotive industry and devaluation of inventories by lower of cost or market method.							
Operating income (JPY billion)	274.3	226.0	-17.6%				

298.2

180.5

-24.3%

-46.1%

225.7

97.3

Overview of Consolidated Results for FY08

JPY	E)/07						Forecast	5 1/00	Cha	nge
billion	FY07	10	2Q	3Q	Forecast Feb.4	4Q	Feb.4	FY08	YoY	QoQ
Sales	1,744.5	452.2	529.0	501.2	[377]	361.8	[1,860]	1,844.4	99.8	-139.3
Op. income	274.3	62.1	68.6	79.0	[10]	16.2	[220]	226.0	-48.3	-62.7
Ordinary income	298.2	74.4	77.2	71.1	[(8)]	2.8	[215]	225.7	-72.4	-68.2
Extraordinary income (loss)	(16.9)	-	-	(15.8)	[(14)]	(15.4)	[(30)]	(31.2)	-14.3	0.4
Income taxes and minority interest	(100.7)	(30.9)	(28.6)	(27.8)	[3]	(9.6)	[(85)]	(97.1)	3.6	18.2
Net income	180.5	43.4	48.5	27.3	[(19)]	(22.1)	[100]	97.3	-83.2	-49.5
EPS (JPY)	39.43	9.38	10.48	5.90	[(4.20)]	(4.77)	[21.56]	20.98	-18.45	-10.67
FOREX rate (JPY/USD)	114	105	108	96	[90]	94	[100]	101	-13	-2

Extraordinary Income/Loss for FY08

		Cons	olidated		Non-consolidated				
JPY billion	111	2	?H	FY08	1H	2H		EV00	
	1H	3 Q	4Q	F 100	ΙП	3 Q	4Q	FY08	
Extraordinary income *1	-	-	-	-	2.5	-	-	2.5	
Loss on valuation of investment securities	-	(15.8)	(0.9)	(16.7)	-	(15.8)	(0.8)	(16.7)	
Loss on impairment *2	-	-	(14.4)	(14.4)	-	-	(22.0)	(22.0)	
Extraordinary (loss)	-	(15.8)	(15.4)	(31.2)	-	(15.8)	(22.9)	(38.8)	
[Forecast Feb.4]	[-]	[(15.8)]	[(14)]	[(30)]	[2.5]	[(15.8)]	[(22)]	[(35)]	
Total extraordinary income (loss)	-	(15.8)	(15.4)	(31.2)	2.5	(15.8)	(22.9)	(36.2)	

^{*1} Extraordinary income: Gain on sales of electronics affiliate's stocks

^{*2} Loss on impairment: Loss on valuation of electronics business' assets

Production & Prices

		FY07	1H	3Q	4Q	2H	Forecast Feb.4	FY08	YoY
FOREX rate	e (JPY/USD)	114	106	96	94	95	[100]	101	-13
Crude stee production		13.62	7.04	3.36	2.48	5.84	[13.00]	12.87	-0.75
Steel sales	volume (million tons)	12.49	6.33	3.03	2.08	5.11	[11.46]	11.44	-1.05
Seamless p		1.11	0.56	0.31	0.28	0.59	[1.15]	1.15	0.03
Ave.	Domestic	97.9	113.7	124.3	130.2	126.6	[119]	119.2	21.3
price of steel	Export	116.2	124.8	137.3	135.1	136.3	[131]	130.2	14.0
product (000JPY/ton)	Total	105.7	118.6	130.3	132.7	131.3	[124]	124.3	18.6

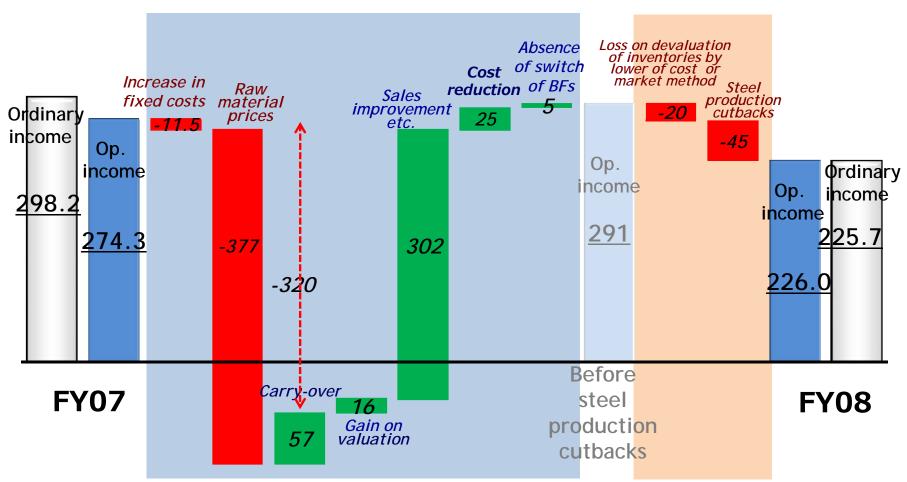
FY07 Excess <u>receipts of USD</u> = approx. 1.6 billion/year FY08 Excess <u>payments of USD</u> = approx. 0.2 billion/year

Change in Consolidated Operating Income (FY07->FY08)

1Q~3Q: Sales improvement and cost reduction offset the cost push of raw materials.

4Q: Earnings decreased as the global economy declined.

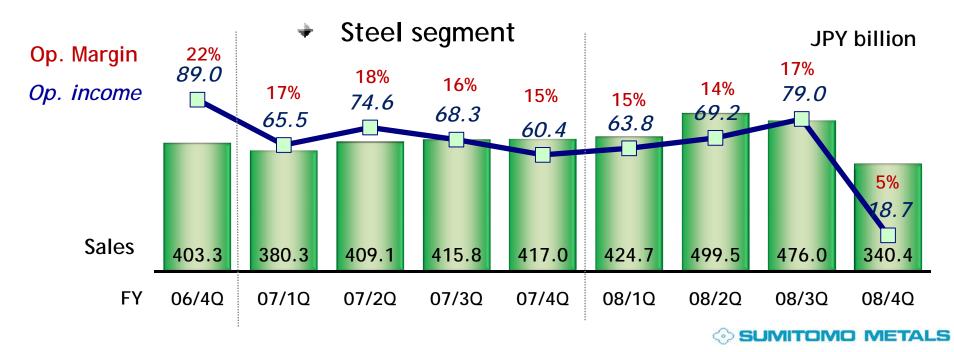
JPY billion



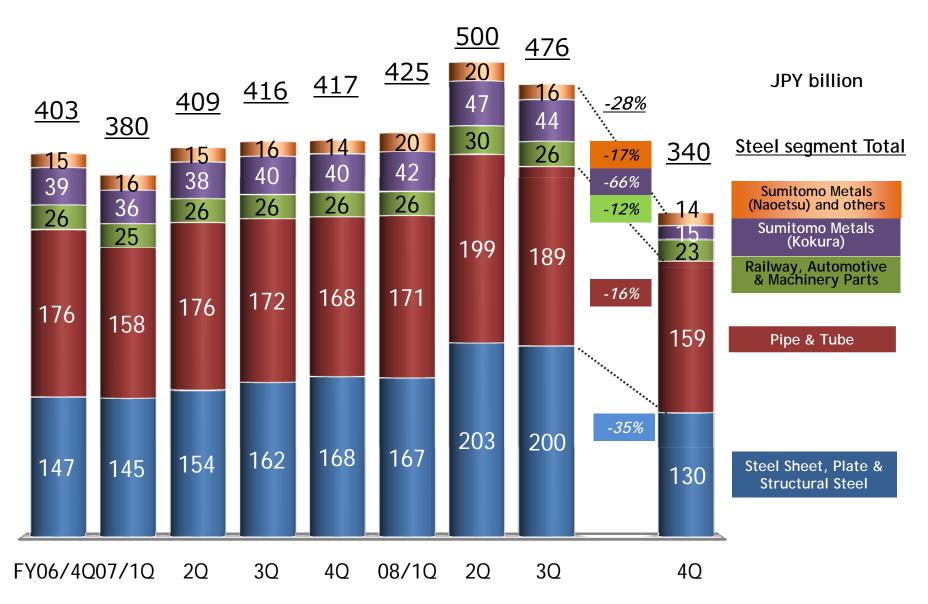
- FY08 Op. income: <Forecast as of Feb. 4> 220 JPY billion → <Actual> 226 JPY billion
 Change: Gain on valuation -3 JPY billion, Sales improvement etc. +9 JPY billion
- Earnings from equity-method affiliates: <FY07> 41.9 JPY billion → <FY08> 22.1 JPY billion

Consolidated Sales and Operating Income by Business Segment

J	PY billion	06/4Q	07/10	07/2Q	07/3Q	07/4Q	08/1Q	08/2Q	08/3Q	08/4Q
	Steel	403.3	380.3	409.1	415.8	417.0	424.7	499.5	476.0	340.4
	Engineering	3.4	3.1	3.9	3.2	5.0	2.1	3.0	2.3	4.1
	Electronics	14.5	14.2	16.0	16.9	14.3	15.9	13.6	9.5	6.2
	Others	12.4	8.6	12.2	10.9	13.3	9.3	12.8	13.2	11.0
	Sales	433.8	406.3	441.4	446.9	449.8	452.2	529.0	501.2	361.8
	Steel	89.0	65.5	74.6	68.3	60.4	63.8	69.2	79.0	18.7
	Engineering	-0.4	-0.1	-0.0	0.0	0.3	-0.1	-0.3	0.0	0.2
	Electronics	0.5	-0.1	0.1	0.0	-0.2	0.1	-0.3	-0.9	-3.4
	Others	1.5	0.6	1.1	1.5	2.0	-1.6	0.0	0.9	0.7
С	p. income	90.5	65.8	75.8	69.9	62.7	62.1	68.6	79.0	16.2



JPY billion	FY07	1H	3Q	4Q	2H	Forecast Feb.4	FY08	YoY
Steel Sheet , Plate and Structural Steel	629.1	369.8	200.2	130.0	330.3	[705]	700.1	71.0
Pipe & Tube	674.5	369.3	188.9	158.6	347.5	[725]	716.9	42.4
Railway & Automotive	103.0	55.6	26.4	23.3	49.7	[110]	105.4	2.4
Kokura	154.5	89.2	43.9	14.8	58.7	[150]	148.0	-6.5
Naoetsu and Others	61.1	40.1	16.4	13.6	30.0	[70]	70.1	9.0
Steel segment	1,622.3	924.2	476.0	340.4	816.5	[1,760]	1,740.7	118.4
Engineering segment	15.3	5.1	2.3	4.1	6.4	[10]	11.6	-3.7
Electronics segment	61.6	29.5	9.5	6.2	15.7	[45]	45.3	-16.2
Others	45.1	22.2	13.2	11.0	24.3	[45]	46.5	1.4
Sales	1,744.5	981.3	501.2	361.8	863.1	[1,860]	1,844.4	99.8
Op. Income by Interna	I Company	(Approx.)					
Steel Sheet , Plate and Structural Steel	72	49	36	10	46	[80]	95	23
Pipe & Tube	153	62	34	11	45	[120]	107	-46
Kokura	11	5	3	(6)	(3)	[(2)]	2	-9



IDV hillion		0	8		09	0/	VoV
JPY billion	3 E 6E 9E 12		12E	3E	%	YoY	
[Assets]							
Current assets	677.7	738.7	816.4	831.2	737.3	8.8	59.5
Fixed assets	1,740.5	1,791.1	1,745.7	1,719.4	1,715.1	- 1.5	-25.3
Total assets	2,418.3	2,529.9	2,562.2	2,550.6	2,452.5	1.4	34.2
[Liabilities and Shar	eholders' Ed	լuity]					
Current liabilities	781.9	777.8	835.0	842.7	743.9	- 4.9	-37.9
Long-term liabilities	687.1	760.8	743.5	758.4	804.1	17.0	117.0
Net assets	949.3	991.2	983.5	949.5	904.3	- 4.7	-44.9
Debt	883.8	924.4	910.6	960.8	990.0	12.0	106.1

Consolidated Cash Flow

JPY billion

Operating CF 190.5 < YoY -17%>

Working capital other than inventories 59.4

Depreciation 110.8

Net income before tax 194.4

	08/3E	09/3E	YoY
Debt	883.8	990.0	106.1
Cash and deposits	16.6	42.9	26.3
Net debt	867.2	947.0	79.8

Financing CF 52.6 < YoY 7.9%>

Increase in net-debt 79.8

Other cash from financing 20.1

Dividends paid (47.3)

Tax (96.2)

Inventories (77.9)

Capital expenditure (177.6)

Other changes in investments (37.2)

Investing CF (214.9) < YoY -22%>

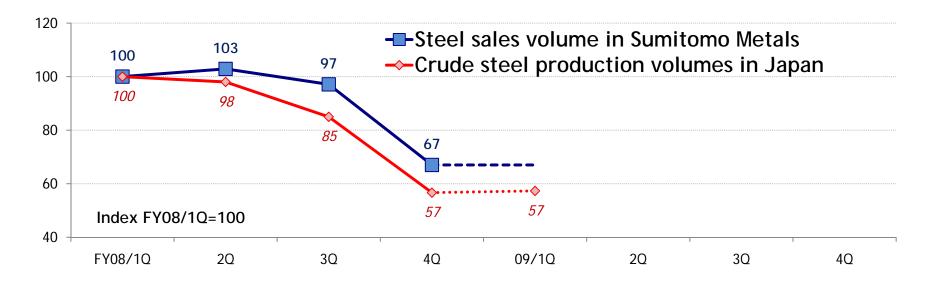
FY09 Forecast

LIUY FORECASU

FY09 Business Plan

Flexible production in line with the demand

- We remain flexible an production cutbacks. Recovery of demand still uncertain.
- New No. 1 blast furnace at Wakayama will start operation in July, 2009 as scheduled



Control the cash outflow

- Accelerate cost reduction and improvement of sales mix.
- Be flexible on when to start investing although continue planning strategic investment.

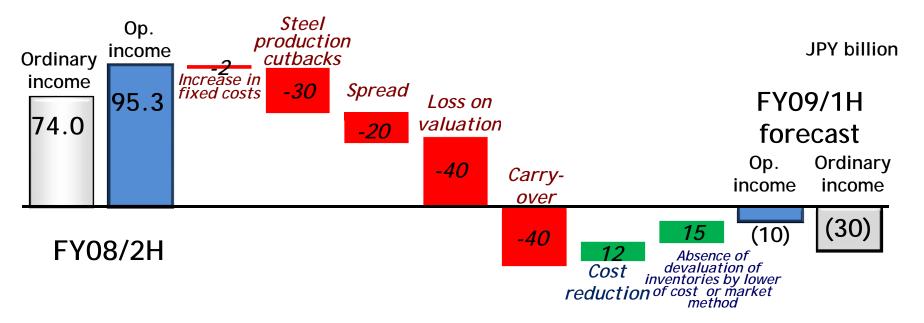
Overview of Consolidated Business Forecast for FY09

Steel demand is expected to recover slowly after FY09/1Q.
 We intend to maintain our margin on long-term contract sales.
 OP. income is expected to decrease: margin deterioration in some market-linked products, production cutbacks and temporary factors such as loss on inventory valuation and carryover of higher cost raw materials.

JPY billion	FY08	1H forecast Approx.	2H forecast Approx.	FY09 forecast Approx.	%	YoY
Sales	1,844.4	620	750	1,370	- 26	-474
Op. income	226.0	(10)	40	30	- 87	-196
Ordinary income	225.7	(30)	30	0	-100	-226
Extraordinary income (loss)	(31.2)	-	-	-	-	31
Net income	97.3	(35)	15	(20)	-	-117
EPS (JPY)	20.98	(7.55)	3.23	(4.31)	-	-25.29
FOREX rate (JPY/USD)	101	100	100	100	-	-1

Change in Consolidated Operating Income (FY08/2H → FY09/1H)

- We intend to maintain our margin on long-term contract sales.
- OP. income is expected to decrease: margin deterioration in some market-linked products, production cutbacks and temporary factors such as loss on inventory valuation and carryover of higher cost raw materials.

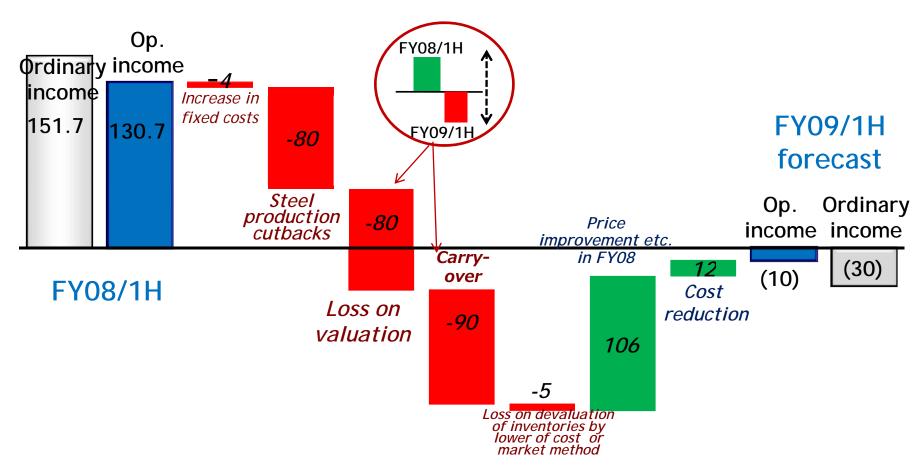


Earnings from equity-method affiliates: Change (FY08/2H → FY09/1H) -5 JPY billion

In FY09/2H, forecast for Op. income is 40 JPY billion as a result of partial recovery of production and absence of temporary loss of FY09/1H.

Change in Consolidated Operating Income (FY08/1H → FY09/1H) 18

JPY billion



• Earnings from equity-method affiliates:

Change (FY08/1H → FY09/1H) -30 JPY billion

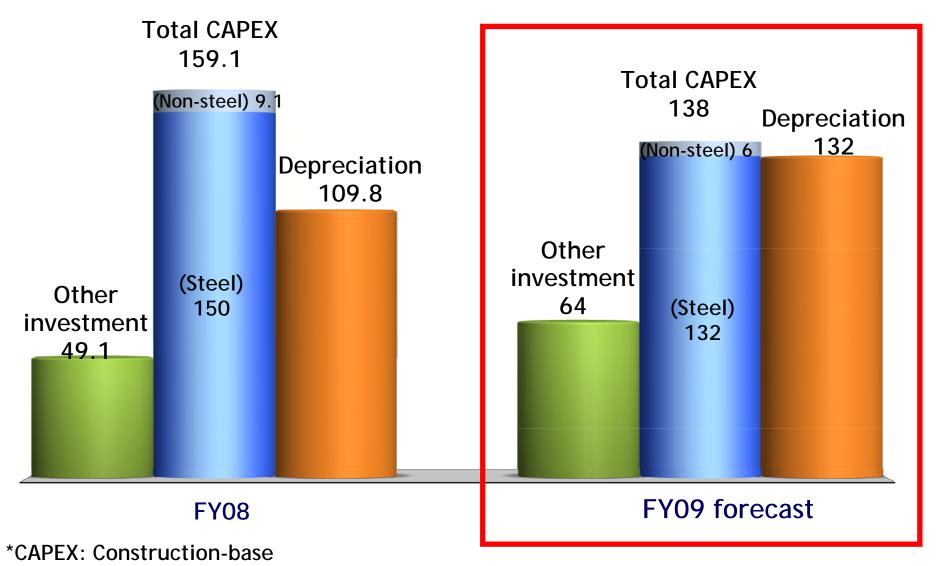
Key Indicators of Consolidated Performance

	FY05	FY06	FY07	FY08	FY09 Approx.
ROA *1	14.5%	15.4%	13.2%	9.9%	1%
ROE	36.7%	28.3%	20.3%	11.1%	-3%
Equity ratio	34.1%	38.3%	37.3%	35%	33%
D/E ratio	0.94	0.82	0.98	1.15	1.43
Debt (JPY billion)	679.7	717.9	883.8	990	1,140
Total assets (JPY billion)	2,113.3	2,301.5	2,418.3	2,452.5	2,450
Non-consolidated dividends/share (JPY)	7.0	8.0	10.0	10.0	5.0 ~
<interim dividends=""></interim>	<2.5>	<3.5>	<5.0>	<5.0>	<2.5>

^{*} ROA: Return (ordinary income before interest payment) on assets

Capital and Dividend Policy

- Capital policy
- Sumitomo Metals intends to maximize corporate value by delivering sustained growth that balances quality and scale.
- Cash generated from operations will be used for investments that <u>raise corporate value</u>.
- Criteria for investments include whether they may accelerate distinctiveness of our group, and whether their returns could exceed the cost of capital, and thereby help raise our value.
- We will return profits to shareholders through stable payment of dividends.
 - Financial target
- Our medium-term target for financial leverage is a D/E ratio of below one.
 - Dividend in FY08
- ●10.0 JPY/share (Interim 5.0 JPY/share, Year-end 5.0 JPY/share)
 - Dividend forecast in FY09
- We intend to pay an annual dividend of 5.0 JPY/share at the minimum.
 (Interim 2.5 JPY/share, Year-end 2.5 JPY/share)



*Other investment: Cash paid-base

CAPEX Plan and Overseas Business Investment Update

Schedule	for starting operation	JPY billion	FY08	FY09	FY10	FY11	FY12	. FY13
CAPEX								
Pipes &	Renewal of upstream processes (Wakayama) New No.1 BF + environmental protection New No.2 BF + reinforcement of CC	160 115		> Jul. 09			>	► 2H 12
Tubes	Cutting-edge seamless pipe output increase	35	→ Jul. (08				
	Increasing capacity for ultra high strength line pipes	10			>	Mar. 1	1	
Others	Steelmaking process innovations (Kokura)	27			→ A	ug. 10		
Other in	vestment (J/V: Joint Venture	total amou	unt)				-	
Sheets &	Steel sheet J/V in Vietnam (CSSV)	115					→ Ea	arly in 12
Plates	Integrated steel works project of Bhushan Steel in India	Technical assistance						
	Integrated steel works with Seamless pipe mill J/V in Brazil (VSB)	200			→ M	id-year	10	
Pipes & Tubes	Strengthening of cooperative relationship with Vallourec	12	P	urchase of sto	k			
	Strengthening of the premium joint business	8	•	Feb. 09				
Others	Acquirement of stake in Brazilian iron ore mining business (NAMISA)	19.1	• D	ec. 08				

Overview of Our Target Market -1

Sector	Current market	Trend in our customers and market				
360101	trend	Products	Outlook			
Energy	* Decreasing demand for energy in OECD countries. * Decline in on-shore rig utilization in the U.S.	Seamless Pipe	 → Stable demand from long-term contract customers. → Resilient demand for higher-end pipes due to severe drilling conditions. → Nuclear power generation continues expanding. 			
30% % of Sumitomo	* Cancellation & postponement of projects.	Large- diameter welded steel pipe	Demand for higher-strength pipe will increase after 2010.			
Metals Sales	* Increased supply of steel plates from Asian new mills	Steel Plate	Asian new mills cannot supply higher-end plates for energy related applications.			

Our strategy

- Energy sector is our value driver.
- We prepare for the post-recession by investing on relationships with strategic customers.

Overview of Our Target Market -2

Sector	Current market trend	Trend in our customers and market			
		Products	Outlook		
Automotive 24% % of Sumitomo Metals Sales	* Domestic car productions expected to start recovery after destocking.	Steel sheet	 → Accelerated shift to high-tensile steel sheet due to demand for lighter weight vehicle. → Cost competitiveness is the key. 		
	* Low-end car production transferred to overseas. * Increasing compact car ratio = decreasing steel demand per car. * Increasing supply from East Asian new mills.	Specialty steel	 Gas & hybrid remain mainstream until 2030. Green products is the key to competitiveness. 		
		Crankshafts	Forge will increase at the expense of cost due to the demand for compact, light weight and high performance engines.		

Our strategy

- Domestic: High-end products with low cost Strengthen: (1)production base such as steelmaking (2)development of high-end products
- Overseas: Create strong presence in growing markets

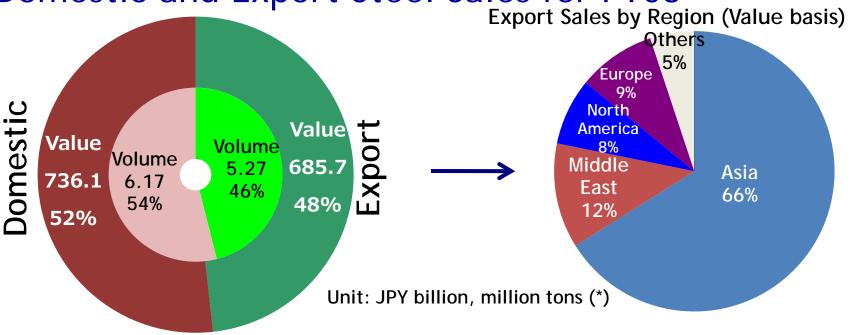
Supplement

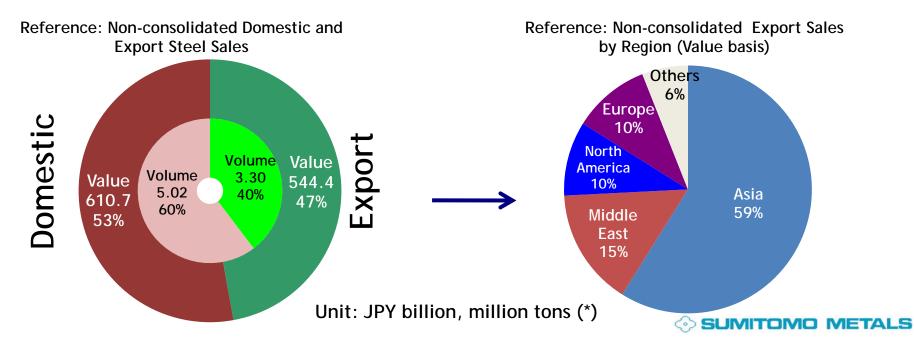
Supplement

Overview of Non-consolidated Business Forecast for FY09

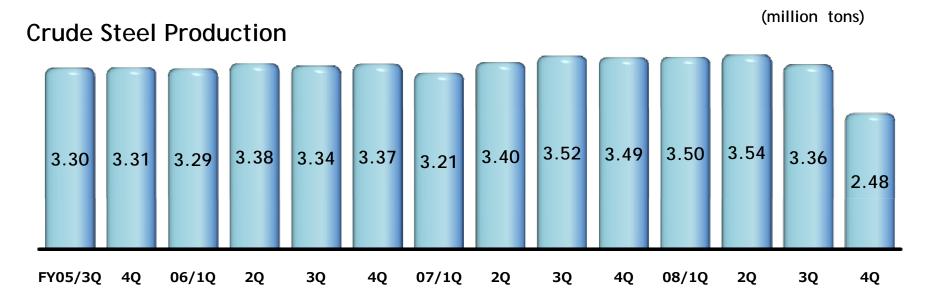
JPY billion										
	1H	3Q	4Q	2H	FY08	1H forecast Approx.	2H forecast Approx.	FY09 forecast Approx.	%	YoY
Sales	648.2	339.0	258.7	597.7	1,246.0	420	500	920	-26	-326
Op. income	94.0	59.3	34.1	93.5	187.6	20	45	65	-66	-123
Ordinary income	113.4	51.1	26.4	77.6	191.1	20	40	60	-69	-131
Extraordinary income (loss)	2.5	(15.8)	(22.9)	(38.8)	(36.2)	-	-	-		36
Income taxes and minority interest	(39.7)	(19.4)	(4.9)	(24.4)	(64.1)	(5)	(15)	(20)	-69	44
Net income	76.2	15.9	(1.4)	14.4	90.7	15	25	40	-56	-51

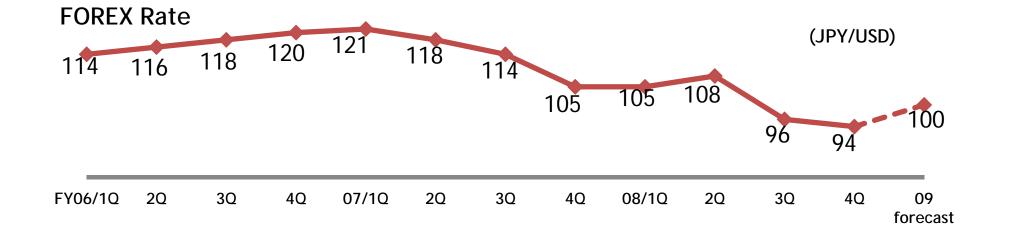
Domestic and Export Steel Sales for FY08



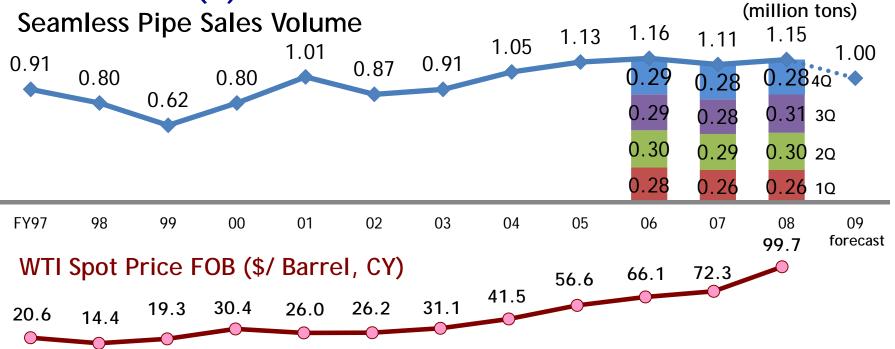


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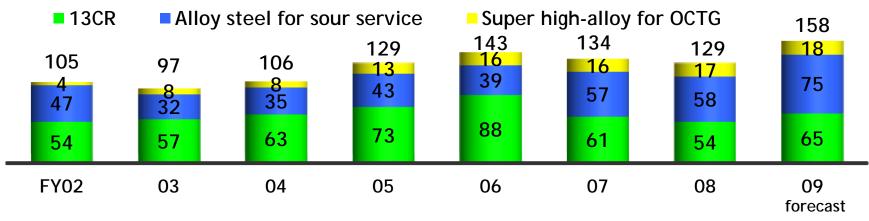


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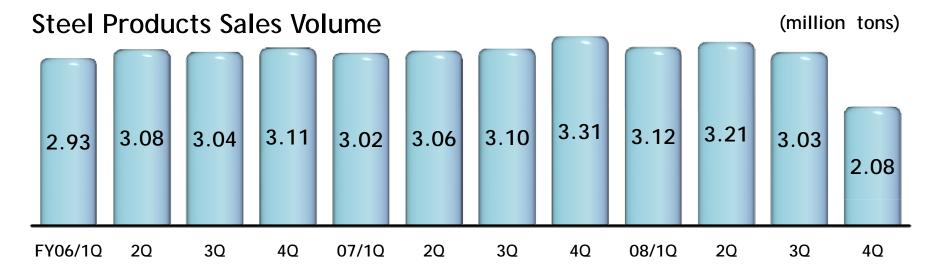


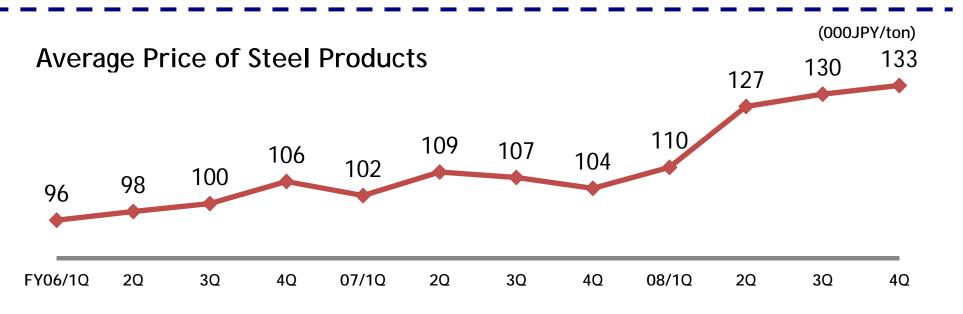
Seamless Pipe Super High-end Sales Volume

(thousand tons)



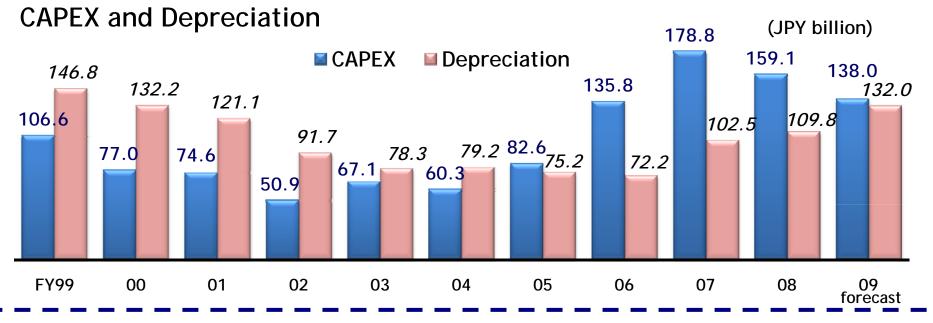
Reference (3)

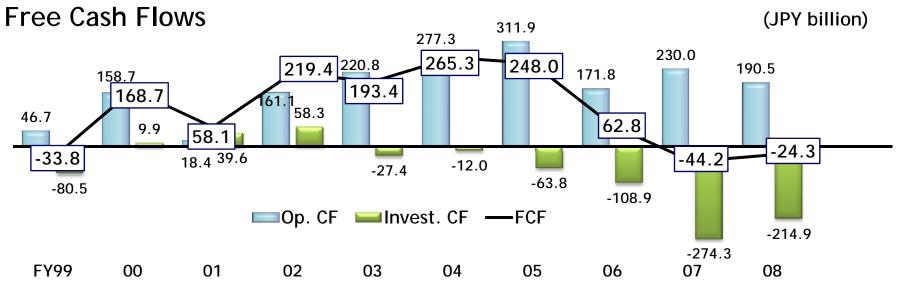




Reference (4)







Deliver sustained growth in corporate value by emphasizing quality



Become a company trusted by all stakeholders